



GOVERNMENT OF THE
PROVINCE OF ALBERTA

**A
New Deal
For
Alberta's
Municipalities**



**Recommendations
of the
Judge Commission
on
Provincial-Municipal
Taxation**

RECOGNIZING the need for a revised and modernized set-up of provincial-municipal taxation, the Alberta Social Credit Government formed the Judge Commission to review the entire question.

The Judge Commission presented its report at the close of the 1948 session of the Alberta Legislature. Municipalities and other interested organizations are being given the opportunity to study the recommendations before they are considered for implementation at the next session of the legislature.

Here are the main recommendations:

EDUCATION

An increase of \$1,650,000 in the amount granted by the Province for the year 1947/48 is recommended.

This will mean that the minimum grant recommended will amount to \$6,850,000.

In the year 1946/47, 155,517 pupils were enrolled in all schools in the Province. On the basis of this enrolment in elementary and high schools the Province would contribute towards the education of each pupil a minimum amount of \$44.07 annually. On the basis of taxation this means that the Province would pay to the local school boards in the support of elementary and high school education an amount equal to a levy of 11.51 mills on all the assessable property assessed for school purposes in all cities, towns, villages, municipal districts, improvement districts and special areas.

In addition, financial assistance is recommended for the erection of new schools or enlargement or improvement to existing schools, in pioneer areas.

It is further recommended that the boundaries for school divisions and

municipal districts be the same, and that a committee be set up for the purpose of determining such boundaries.

PUBLIC WORKS

It is recommended that an amount equivalent to approximately 25% of the total provincial revenue from Motor Vehicle Licenses and the Fuel Oil Tax be made available for grants to municipal districts and improvement districts on condition that 50% of the grant be spent on market roads.

This would mean an increase of some \$1,200,000 over the amount granted for the year 1946/47.

It is also recommended that any main highway located within the corporate boundaries of any town or village should be constructed, maintained and paid for by the Province.

It is recommended that the staff of the district engineers be increased in order to provide qualified engineers for municipal districts. The salaries and expenses of the engineers to be paid by the Province. The increasing numbers of all kinds of motor vehicles demand a standard of road which can only be designed and constructed by a qualified engineer. A properly designed and constructed road is more economical to maintain and less dangerous to those using it.

Proper drainage, which has been a problem to most councils, can be better solved by the engineer.

PUBLIC WELFARE

Old Age and Blind Pensions.

The maximum pension at present is \$37.00 of which amount the municipalities pay \$2.00 per month.

It is recommended that all municipi-

palities be relieved of any charge for this service.

This would mean an additional cost to the Provincial Government of approximately \$300,000 per year.

Indigent Relief

At the present time the municipalities are responsible for the full cost of this service, including hospital and medical care.

It is recommended that the distribution of the cost of this service shall be on the basis of 20% to the municipalities and 80% to the Province.

In addition it is recommended that transient indigents be the sole responsibility of the Province. At present the transient indigent is the responsibility of the municipality in which residence of three months during the preceding 24 months has been established.

Mothers' Allowance

At the present time the distribution of the cost for this service is on the basis of 25% to the municipality and 75% to the Provincial Government. For the year ending March 31st, 1947, the cost to the municipalities amounted to \$149,780.94 and to the Provincial Government \$449,848.51.

It is recommended that the distribution of the costs be on the basis of 20% to the municipalities and 80% to the Provincial Government.

Child Welfare

At present the full cost of neglected children is borne by the municipalities with the Province meeting the full cost of children of unmarried parents in all municipalities, other than the cities of Calgary and Edmonton.

It is recommended that the distribution of the costs of neglected children be on the basis of 80% to the Province and 20% to the municipalities, and that the Province continue to be responsible for the cost of children of unmarried parents in all municipalities, other than Calgary and Edmonton.

Mental Defectives

At present the municipalities are charged the sum of \$15.00 per month for each child under the age of 16 years, and the charge with respect to other classes of mentally defective persons, which is determined by the Minister, is borne by the municipality.

It is recommended that the municipality be relieved of the cost of mentally defective persons in a Provincial Institution.

Homes for Aged and Infirm

At present the municipalities provide the full initial capital cost of such homes; the Province assists to the extent of 50% of the operating costs.

It is recommended that further assistance be given by the Province to the extent of 50% in any capital expenditure for such homes.

ASSESSMENT

It is recommended that the assessment of all towns, villages and hamlets be made by members of the staff of the Director of Assessments, Department of Municipal Affairs. The cost of the assessment to be paid by the municipality concerned.

It is further recommended that, in the case of a municipal district, the Director of Assessments shall at its request complete the assessment of any area or areas where assessment difficulties have arisen.

At present urban municipalities are empowered to exempt from assessment and taxation the whole or a percentage of the fair actual value of assessable buildings and improvements. This has led to a wide variation in the percentage declared to be exempt by cities, towns and villages. In rural municipalities the assessment of assessable buildings and improvements is on the basis of two-thirds of the fair actual value.

It is recommended that in:

- (a) **Urban Municipalities** the assessment of all assessable real property shall be at its fair actual value, with the Council empowered by by-law to exempt from assessment all assessable buildings and improvements.
- (b) **Rural Municipalities** the assessment of all assessable real property shall be at its fair actual value, with the exemption from assessment of farm buildings and improvements situate on farm lands remaining in effect.

This recommendation does not take away the right of any urban municipality, which levies taxes on the assessed value of land only, to continue to do so.

It is recommended that Section 2 (g) of the Assessment Act be struck out and the following inserted in lieu thereof:

"Farm land" means:

- (i) any parcel of land which is used for farming purposes and which is twenty acres in extent;
- (ii) any parcel of land less than twenty acres in extent which is used for farming purposes by an owner or tenant who derives his livelihood mainly from the actual cultivation of such land."

Considerable difficulty has been experienced in interpreting the present definition of "farm land" as contained in the Assessment Act. The effect of this amendment will be to confine the meaning of "farm land" on small acreage to the actual cultivation of the soil.

At present "personal property" and "business tax assessments" are levied for municipal or school purposes or for both. It is recommended that such assessments may be used also for hospital purposes.

Business Tax Assessment

At present all municipalities are empowered to levy a business tax. In the case of villages, municipal districts and improvement districts in the event of the same person becoming liable for a tax upon improvements in respect of a building, and for a business tax in respect of a business carried on in that building, he shall be liable to pay the business tax to the extent only that it is greater than the amount of the tax upon improvements.

It is recommended that the right of the municipal districts and improvement districts to levy a business tax be withdrawn and that the right to offset the business tax against the tax on improvements be rescinded.

It is further recommended that the right to levy a business tax on fur farms be discontinued.

Taxation and Exemption of Crown Property

The British North America Act provides:

"No lands or property belonging to Canada or any Province shall be liable to taxation."

When a Government engages in a commercial enterprise it is recommended

that an amount equivalent to the amount of the taxes it would be required to pay if it were subject to taxation should be granted to the municipality in which the enterprise is situated.

WILD LANDS TAX

At present a tax of two cents per acre is levied under The Wild Lands Tax Act on all lands not otherwise taxed.

It is recommended that the Wild Lands Tax Act be repealed.

CROWN CULTIVATION LEASES ACT

At present this Act exempts lands held under lease from the Province from taxation. In lieu of this, 80% of the money received on account of the share of the crop is paid to the municipal and school authorities in which the land is situate. In the event of poor crops or crops damaged by hail the lessee is relieved of any payment, whereas a registered owner must pay the taxes levied irrespective of prices or conditions.

It is recommended that this Act be repealed and such lease holdings be assessed and taxed in a similar manner to all other lands.

Certain portions of the report were implemented in part at the last session of the legislature. For example: The total grant to schools for the year 1947-48 was \$5,200,000 and the estimates for 1948-49 provide for an additional \$500,000 plus \$320,000 special grants for teachers' pensions, making a total of \$6,020,000. In addition, substantial increased grants have been paid to municipalities.